

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5861
ANSWERED ON:31.08.2001
LENDING THROUGH BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether there is an immediate need to increase lending in areas like agro-processing, bio-technology and horticulture by commercial banks with regular monitoring;
- (b) whether loans are needed to be given in the education sector so that promising students are not deprived of education because of lack of funds: and
- (c) of so, what steps Government are taking to relax loan norms for these activities ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) Reserve Bank of India (RBI) has reported that traditional/non-traditional plantations and horticulture as also medium and long term loans to all plantations/horticulture have already been included in Priority Sector and have been classified as Direct Finance to Agriculture. Loans given by banks to food and agro-processing sector are also included under priority sector lending and achievement are being monitored regularly by RBI.

(b) and (c) RBI has reported that a new educational loan scheme prepared by the Indian Banks Association (IBA) duly approved by the Government has been circulated among all scheduled commercial banks for implementation during this academic session itself. The salient features of the scheme are :

Cover courses in schools and colleges in India and abroad;

Loans up to Rs. 7.5 lakhs for studies in India and up to Rs. 15 lakhs for studies abroad;

No collateral or margin required for loans up to Rs. 4 lakhs;

Interest on loans up to Rs. 4 lakh will not exceed PLR and those above Rs. 4 lakhs will be PLR+1 percent;

Repayable over a period of 5-7 years after completion of the course.

RBI has also reported that out of 27 banks 26 banks have already issued instructions to their branches for implementation of the scheme and circular is being issued by the remaining one bank shortly.